



17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

MORGAN HILL

FINANCE AND AUDIT COMMITTEE

Morgan Hill Civic Center
West Conference Room
17555 Peak Avenue
Morgan Hill, California

Chair
Committee Member
Committee Member
Staff: Finance Director
Assistant Finance Director
Budget Manager
Assistant to the City Manager

Mike Roorda
Dennis Kennedy
Greg Sellers
Jack Dilles
Tina Reza
Chu Thai
Melissa Dile

SPECIAL MEETING

Wednesday, June 25, 2003

MINUTES

5:34 P.M.

CALL TO ORDER

Chair Roorda and Committee Members Sellers & Kennedy (arrived at 5:39);
Staff: Dilles, Reza, Thai, & Dile

DECLARATION OF POSTING OF AGENDA

In compliance with Government Code 54954.2

PUBLIC COMMENTS

The Morgan Hill Finance and Audit Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

BUSINESS:

1. **Approval of minutes for May 22, 2003**
The minutes for May 22, 2003, were approved.
2. **Approval of minutes for May 28, 2003**
The minutes for May 28, 2003, were approved
3. **Financial Reporting Requirements Under GASB 34**
Ms. Reza gave a staff report. She provided an overview of the new requirements of GASB 34 requirements as they relate to the City's financial statements. She indicated that there is a new focus on long-term liabilities for governmental funds in financial reporting. Staff recommended and is proceeding to implement the GASB 34 option of depreciating infrastructure rather than reporting condition assessments of infrastructure. The Committee indicated that they would like to have staff take them through the financial statements once they are completed under the new GASB 34 format so that the changes could be discussed and reviewed. Staff distributed a booklet entitled "An Elected Official's Guide to the New Governmental Financial Reporting Model" as information for Committee Members to read concerning the implementation of GASB 34. Committee member Kennedy asked that this booklet be distributed to all City Council members and staff responded that they would do so.
4. **Update on Investing in Local Financial Institutions**
Staff updated the Committee as to the status of the City investing in local banks now that the recommendations previously recommended by the Committee have been incorporated into the Investment Policy approved by the City Council. Staff indicated that the groundwork has been laid with local banks so that if the investment conditions become attractive, the Treasurer, working with staff, is positioned to invest in certificates of deposit in local banks. Staff has been obtaining information from local financial institutions to assist in this process.
5. **Financial and Investment Report for May 2003**
Staff indicated that sales tax receipts came in higher than expected, based upon information just received from the City's sales tax consultant, which might mean \$100,000 more in sales tax receipts for 2002/03 than the amount projected in the budget. No other discussion concerning the monthly report occurred..
6. **Public Opinion Surveys (Information)**
The information included in the agenda packet about opinion survey services, regarding potential future opinion surveys that could be taken by the City to gauge the public's support of new revenue or tax measures, was briefly discussed.

7. **Future Agenda Items (Discussion)**

Pending items to be dealt with in the future as summarized by staff include:

- 1) 2 year budget feasibility discussion*
- 2) GASB 34*
- 3) Auditor selection process*
- 4) Potential budget plan revisions/policies pending State action*
- 5) Policy statement concerning budget structural issues if State has not acted*

The Committee indicated that because the term of Committee Member Sellers is scheduled to end at the end of August, the discussion of the last two items above should occur prior to August 31.

ADJOURNMENT: 6:00P.M.

NOTICE

AMERICANS WITH DISABILITY ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City.

If assistance is needed regarding any item appearing on the City Council agenda, please contact the Office of the City Clerk at 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.